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October 6, 2004

Medicare Premiums Are Undermining the Social Security COLA
– New Data Shows Impact by State and Congressional District –
Cosponsor H.R. 4910, the “Social Security COLA Protection Act”

Dear Democratic Colleague:

The Bush Administration recently announced the largest premium increase in Medicare's history next year. New analysis by the Joint Economic Committee Democrats shows the impact of that increase on retirees and disabled workers' Social Security COLAs in each state and Congressional District nationwide. Please find the state-by-state analysis on the back of this page. The full report, including analysis by Congressional district, is available at www.jec.senate.gov/democrats.

The 17 percent hike in Medicare premiums next year – up \$11.60 per month to \$78.20 monthly – means that millions of retirees and disabled workers will have little left of their Social Security COLA after paying the higher Medicare premium. The “Social Security COLA Protection Act of 2004” (H.R. 4910) would limit Medicare premium increases to no more than one-fourth of a retiree's or disabled worker's Social Security COLA. This assures that three-fourths of the COLA would remain available to meet other increases in retirees' expenses, such as food, clothing, housing, and other medical costs.

The non-partisan Congressional Budget Office estimates that more than 29 million Medicare beneficiaries will have more than 25 percent of their COLA absorbed by premium increases next year, and thus would be helped by this legislation. Unless Congress takes action, that problem will be further aggravated when the new premiums for Part D prescription drug coverage take effect in 2006.

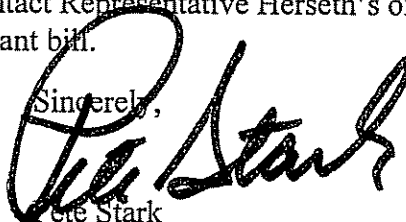
The analysis by JEC Democrats shows that in *all* states the average retiree will have at least 40 percent of their COLA absorbed by next year's premium hike. In Arkansas, Louisiana, Maine, Mississippi, New Mexico, North Dakota, and South Dakota, the average retiree will have 50 percent or more of their COLA eaten up by higher premiums.

In 21 states, more than a half million Medicare beneficiaries would benefit from the legislation. In six of those states – Illinois, Michigan, New York, Ohio, Pennsylvania, and Texas – more than one million beneficiaries stand to gain from the legislation, and in two of those states – California and Florida – more than 2 million beneficiaries would keep more of their COLAs.

The analysis by the JEC Democrats shows that the COLA protection bill will help Medicare beneficiaries in *all* Congressional Districts. More than 78 percent of all Congressional Districts – 341 out of 435 districts – have 50,000 or more Medicare beneficiaries who would be helped by H.R. 4910. Nearly one-third of the districts – 142 districts – have over 75,000 beneficiaries aided by the bill.

I urge you to preserve the COLA by co-sponsoring H.R. 4910, the Social Security COLA Protection Act of 2004. Please contact Representative Herseth's office at 5-2801, to add your name as a cosponsor of this important bill.

Sincerely,



Pete Stark

Senior Democrat

Joint Economic Committee

29 Million Medicare Beneficiaries Would Benefit from Limiting the 2005 Medicare Premium Increase to 25 Percent of the Social Security COLA			
	Number of Medicare Beneficiaries Who Would Benefit ¹	Average Monthly Social Security Check for Retirees, 2004 (dollars)	Percent of COLA Spent on Medicare Premium Increase ² (percent)
Alabama	506,700	879	49
Alaska	35,200	890	48
Arizona	612,400	938	46
Arkansas	298,900	856	50
California	2,709,500	927	46
Colorado	376,400	904	48
Connecticut	369,700	1,009	43
Delaware	95,700	969	44
District of Columbia	41,000	788	55
Florida	2,309,300	917	47
Georgia	720,200	892	48
Hawaii	131,300	911	47
Idaho	157,900	899	48
Illinois	1,264,500	962	45
Indiana	679,000	969	44
Iowa	373,600	920	47
Kansas	309,000	943	46
Kentucky	392,100	870	49
Louisiana	424,700	860	50
Maine	160,100	852	50
Maryland	506,400	931	46
Massachusetts	611,000	927	46
Michigan	1,091,400	993	43
Minnesota	509,200	920	47
Mississippi	269,700	843	51
Missouri	638,900	907	47
Montana	117,700	882	49
Nebraska	196,100	907	47
Nevada	229,700	931	46
New Hampshire	140,500	944	46
New Jersey	880,300	1,017	42
New Mexico	193,600	861	50
New York	1,784,900	976	44
North Carolina	867,800	899	48
North Dakota	78,600	860	50
Ohio	1,351,800	937	46
Oklahoma	388,500	884	49
Oregon	405,100	932	46
Pennsylvania	1,538,100	949	45
Rhode Island	116,200	921	47
South Carolina	454,000	897	48
South Dakota	93,900	848	51
Tennessee	560,700	894	48
Texas	1,701,300	897	48
Utah	180,500	928	46
Vermont	56,100	915	47
Virginia	715,600	903	48
Washington	599,400	959	45
West Virginia	273,200	910	47
Wisconsin	616,400	946	45
Wyoming	54,700	919	47
United States	29,200,000 ³	914	47

¹ Joint Economic Committee (JEC) Democratic staff estimates. Details may not sum to totals because of rounding. Official administrative data on the total number of Medicare beneficiaries by state in 2003 were projected forward to 2005 and adjusted to remove a) those Medicare beneficiaries who are also eligible for Medicaid and therefore are exempt from paying Medicare Part B premiums—so called “dual eligibles” and b) the small percentage of Medicare beneficiaries for whom the increase in Medicare premiums was less than 25 percent of their projected Social Security COLA. See Appendix.

² Increase of \$11.60 in monthly Medicare Part B premium as a percentage of the projected 2.7 percent 2005 Social Security COLA for the average monthly benefit check.

³ Congressional Budget Office Estimate of total number of Medicare beneficiaries who would benefit from limiting Medicare premium increases to 25 percent of COLA.